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THE SECRETARY OF HEALTH AND HUMAN SERVICES
WASHINGTON, D.C. 20201

APR 28 1997

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Federal Communications Commission
Office of Secretary

The Honorable Reed E. Hundt
Chairman
Federal Communications Commission
1919 M Street, N.W.
Washington, D.C. 20554

Re: Federal-State Joint Board on Universal Service
CC Docket No. 96-45, Rural Health Care

Dear Chairman Hundt:

On October 10, 1996, the Secretaries of Education, Commerce, and Agriculture wrote you supporting a strong application of the mandate set forth in the Telecommunications Act of 1996 with respect to providing discounts for all schools (K-12) and libraries in the country. On November 7, the Federal-State Joint Board on Universal Service that you have chaired issued a robust recommendation on this issue, and we the undersigned urge you to continue supporting the import and magnitude of that recommendation. We now seek to provide input to you on another crucial issue relating to universal service, namely, that of telehealth.

In our capacities as Secretaries of the Departments of Agriculture, Commerce, and Health and Human Services, we strongly support the national goal of assuring that all Americans -- regardless of their geographic location -- have access to the advanced telecommunications necessary for the provision of essential health care services. We are deeply concerned that those living in rural communities will be left behind because the enabling electronic access for telehealth is unavailable or unaffordable.

As you know, in the Telecommunications Act of 1996, Congress mandated the FCC to bring down the cost of rural telehealth services. The Act requires that telecommunications rates for public and non-profit rural health care providers, including local health departments or agencies, be comparable to rates charged to urban providers. We heartily endorse a meaningful and timely implementation of that provision.

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There has been some recent discussion about the treatment of distance charges and access to the Internet in the realm of telehealth applications. We would like to provide our views on these issues.

First, the widespread existence of distance charges places rural health care providers at a decided disadvantage relative to their urban counterparts. Many less urbanized areas are characterized by long "local loops" or substantial circuit mileage between central offices. In studies performed by the USDA's Rural Utilities Service and the unaffiliated National Exchange Carrier Association, the average yearly rural circuit cost for 1.544 Mbps (e.g., T-1 or DS1) capability was at least triple that in urban locales. HHS's Office of Rural Health Policy has found even larger differentials: its telemedicine grantee in Billings, Montana, paid \$216 per month for a T-1 line in 1996 within the city as compared to \$922 per month for T-1 service to Sidney, Montana, 121 miles away -- a ratio of 1 to 4.3. We believe the distance-sensitive elements should be eliminated in order to meet the "reasonably comparable" standard set forth in Section 254(h)(1) of the 1996 Telecommunications Act.

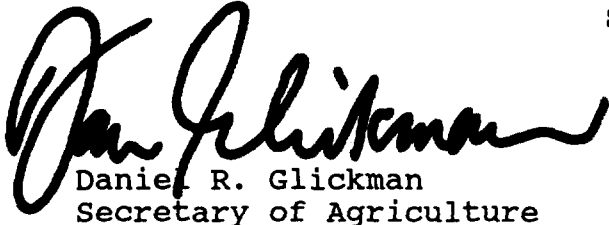
Second, the same kind of payment inequities exist with respect to Internet access. Many recognize the tremendous potential benefits that can be obtained by those who have access to the Internet. In its proposed implementation of the Act's universal service provisions, the Joint Board recommended that both schools and libraries receive special discounts with respect to Internet access. Concerning applications to telehealth, the Joint Board pointed out the Internet's many potential uses in retrieving important and relevant data and health information, such as the government's new website (www.healthfinder.gov). It is also an alternative means of conferencing. Notably, unequal access currently exists based on location: urban health care providers typically do not have to pay long distance rates or per-minute charges to connect to Internet Service Providers (ISPs), while rural users frequently do. Moreover, NTIA's informal survey of Telecommunications and Information Infrastructure Assistance Program (TIIAP) grantees that have rural telemedicine networks found that those who did not have to pay a long distance toll charge to an ISP were more likely to have Internet access. For all of these reasons, eligible rural health care providers should be exempted from these long distance and per-minute charges.

It is not hyperbole to view the Commission's mandate as one of landmark importance, and we are impressed with the earnest hard work of the Joint Board and the Commission thus far in this proceeding. We also note with appreciation the work of the FCC's Advisory Committee on Telecommunications and Health Care with

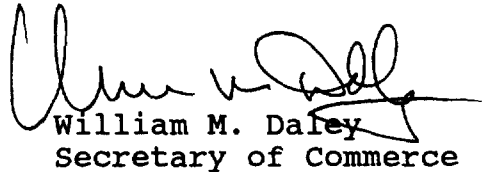
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respect to telehealth issues. As the Commission completes its deliberations on these matters, we urge you and your fellow Commissioners to adopt our recommendations as consistent with the Act and the public interest.

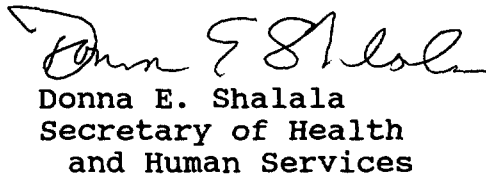
Sincerely,



Daniel R. Glickman
Secretary of Agriculture



William M. Daley
Secretary of Commerce



Donna E. Shalala
Secretary of Health
and Human Services

cc: Commissioner Rachelle B. Chong
Commissioner Susan Ness
Commissioner James H. Quello